ASSOCIATION OF AMERICAN RAILROADS

THIRD QUARTER
R&E SERIES NO. 747

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

ACCOUNT	FOR THE THIRD QUARTER			FOR NINE MONTHS ENDED SEPT. 30		
	1991	1990	%Change	1991	1990	%Change
Freight	$6,869,977	$6,850,970	0.28%	$20,041,092	$20,637,933	-2.89%
Passenger	24,034	23,845	0.79%	70,526	70,334	0.27%
Passenger – Related	46	48	-4.17%	142	124	14.52%
All Other Operating Revenues	196,198	193,314	1.49%	594,482	592,849	0.28%
Joint Facility Account	2,290	1,656	38.29%	6,065	5,489	10.49%
OPERATING REVENUES	$7,092,545	$7,069,833	0.32%	$20,712,307	$21,306,729	-2.79%
Depreciation – Road	$433,432	$322,909	34.23%	$1,106,293	$977,668	13.16%
All Other Way and Structures	759,575	781,775	-2.84%	2,472,860	2,369,229	4.37%
Total Way and Structures	1,193,007	1,104,684	8.00%	3,579,153	3,346,897	6.94%
Depreciation – Equipment	242,579	246,748	-1.69%	730,025	745,284	-2.05%
All Other Equipment	1,306,773	1,297,037	0.75%	4,032,197	3,923,668	2.77%
Total Equipment	1,549,352	1,543,785	0.36%	4,762,222	4,668,952	2.00%
Transportation – Train and Yard	2,252,550	2,327,491	-3.22%	7,203,856	7,115,492	1.24%
Transportation – Specialized Services & Administrative	382,514	378,622	1.03%	1,121,499	1,136,168	-1.29%
General and Administrative	1,385,685	712,393	94.51%	2,943,524	2,167,102	35.83%
OPERATING EXPENSES	$6,763,108	$6,066,975	11.47%	$19,610,254	$18,434,811	6.38%
NET REVENUE RAIL OPERATIONS	$329,437	$1,002,858	-67.15%	$1,102,053	$2,872,118	-61.63%
OTHER INCOME	$243,026	$249,087	-2.43%	$909,979	$674,873	34.84%
Income from Affiliated Companies:						
Dividends	1,100	12,277	-91.04%	7,814	45,855	-82.96%
Equity in Undistributed Earnings (Losses)	27,737	27,871	-0.48%	78,184	87,732	-10.88%
Total Income From Affiliated Companies	28,837	40,148	-28.17%	85,998	133,587	-35.62%
Miscellaneous Deductions From Income	77,896	72,349	7.67%	223,745	250,650	-10.73%
INCOME AVAILABLE FOR FIXED CHARGES	$523,404	$1,219,744	-57.09%	$1,874,285	$3,429,928	-45.35%
Interest on Funded Debt	232,447	247,616	-6.13%	705,705	715,726	-1.40%
Interest on Unfunded Debt	53,537	60,179	-11.04%	162,918	182,026	-10.50%
Amortization of Discount on Funded Debt	3,943	5,438	-27.49%	11,225	15,354	-26.89%
TOTAL FIXED CHARGES	289,927	313,233	-7.44%	879,848	913,106	-3.64%
INCOME AFTER FIXED CHARGES	$233,477	$906,511	-74.24%	$994,437	$2,516,822	-60.49%
Other Deductions	3,015	2,460	22.56%	9,664	7,402	30.56%
Unusual or Infrequent Items (Debit) Credit					(342,100)	
Income (Loss) From Cont. Oper. Before Income Taxes	$230,462	$904,051	-74.51%	$984,773	$2,167,320	-54.56%
Income Taxes on Ordinary Income	247,843	221,525	11.88%	511,530	575,123	-11.06%
Provisions for Deferred Income Taxes	(165,532)	93,205	-277.60%	(180,393)	160,503	-212.39%
Income (Loss) From Cont. Oper. After Income Taxes	$148,151	$589,321	-74.86%	$653,636	$1,431,694	-54.35%
Income or (Loss) From Oper.of Discontinued Segments						
Gain or (Loss) on Disposal of Discontinued Segments						
ORDINARY INCOME	$148,151	$589,321	-74.86%	$653,636	$1,431,694	-54.35%
Extraordinary Items (Net)				(5,513)	11,981	-146.01%
Income Taxes on Extraordinary Items						
Provision for Deferred Taxes–Extraordinary Items				1,900	(4,529)	141.96%
Cumulative Effect of Changes in Accounting Principles						
NET INCOME	$148,151	$589,321	-74.86%	$650,023	$1,439,146	-54.83%
Income From Lease of Road and Equipment	(3,072)	(2,760)	11.30%	(8,820)	(9,669)	-8.78%
Rent for Leased Roads and Equipment	8,651	7,215	19.90%	25,472	23,465	8.56%
NET RAILWAY OPERATING INCOME	$252,705	$692,583	-63.51%	$787,568	$2,150,288	-63.37%
Dividends on Common Stock	$164,013	$296,964	-44.77%	$593,002	$857,232	-30.82%
Dividends on Preferred Stock	35,599	35,601	-0.01%	106,798	102,567	4.13%
***** RATIOS *****						
Expenses to Revenues	95.356%	85.815%		94.679%	86.520%	
Total Maintenance to Revenues	38.665%	37.462%		40.273%	37.621%	
Transportation to Revenues	37.153%	38.277%		40.195%	38.728%	
CASH FLOW	$630,893	$1,224,312	-48.47%	$2,231,377	$3,227,417	-30.86%

FOR THE THIRD QUARTER

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in Thousands)

DISTRICT & RAILROAD	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990
EASTERN DISTRICT										
Consolidated Rail	$788,562	$808,503	$807,855	$829,628	$667,385	$704,352	$78,317	$71,392	$97,454	$90,515
CSX Transportation	1,066,253	1,050,726	1,100,818	1,079,621	974,294	972,052	78,712	66,799	85,140	80,286
Florida East Coast	31,713	33,393	32,401	34,396	34,482	29,530	485	6,024	(2,238)	1,679
Grand Trunk Western	62,213	70,303	64,524	74,272	71,202	78,594	(3,368)	(3,429)	(3,266)	(3,238)
Illinois Central	129,146	122,094	139,839	130,267	105,281	101,094	17,462	8,929	26,259	25,331
Norfolk Southern	911,430	905,953	941,954	936,746	709,710	727,093	154,629	168,098	152,618	117,749
TOTAL EASTERN DISTRICT	$2,989,317	$2,990,972	$3,087,391	$3,084,930	$2,562,354	$2,612,715	$325,637	$317,813	$355,967	$312,322
WESTERN DISTRICT										
Atchison Topeka & Santa Fe	$551,848	$521,783	$561,782	$532,893	$481,665	$461,510	$39,948	$28,136	$56,658	$56,714
Burlington Northern	1,127,758	1,126,583	1,155,139	1,154,249	988,589	1,003,660	80,155	69,951	113,780	105,907
Chicago & North Western	175,155	175,640	203,657	202,649	168,609	179,628	8,370	(4,117)	36,581	22,971
Denver & Rio Grande Western	78,709	81,315	80,129	82,591	71,906	73,176	3,841	4,614	6,112	6,894
Kansas City Southern	79,409	77,524	83,445	82,067	68,973	66,075	7,846	9,084	9,986	10,113
Soo Line	147,884	140,436	151,384	144,950	138,760	124,879	4,357	9,856	10,329	14,265
Southern Pacific	571,350	603,241	601,258	633,254	597,296	613,190	9,278	9,717	(596)	17,679
Union Pacific (Note 1)	1,148,567	1,133,476	1,168,360	1,152,250	1,684,956	932,142	(331,381)	144,207	(336,112)	145,718
TOTAL WESTERN DISTRICT	$3,880,660	$3,859,998	$4,005,154	$3,984,903	$4,200,754	$3,454,260	($177,486)	$271,448	($103,262)	$380,261
GRAND TOTAL – UNITED STATES	$6,869,977	$6,850,970	$7,092,545	$7,069,833	$6,763,108	$6,066,975	$148,151	$589,261	$252,705	$692,583

Note 1: During the Third Quarter 1991, Union Pacific (UP) recorded a Special Charge of $745 million in operating expenses. UP's Ordinary Income and Net Railway Operating Income were also reduced by $492 million, as a result of the Special Charge.

YEAR–TO–DATE

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in Thousands)

DISTRICT & RAILROAD	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990
EASTERN DISTRICT										
Consolidated Rail	$2,260,704	$2,413,940	$2,320,544	$2,477,333	$2,009,366	$2,183,029	$169,513	$170,850	$228,308	$213,341
CSX Transportation	3,119,776	3,244,900	3,216,486	3,332,905	2,855,110	2,959,204	209,482	230,672	250,773	280,948
Florida East Coast	97,865	102,509	100,160	104,764	94,405	88,402	8,739	18,377	629	6,120
Grand Trunk Western (Note 1)	194,405	226,822	202,053	237,289	251,794	246,118	(42,765)	(4,330)	(40,194)	(4,063)
Illinois Central	379,826	392,286	409,135	416,131	302,471	314,267	46,919	33,821	84,165	85,180
Norfolk Southern	2,647,606	2,761,936	2,741,311	2,854,990	2,145,953	2,209,014	390,965	470,102	388,713	391,207
TOTAL EASTERN DISTRICT	$8,700,182	$9,142,393	$8,989,689	$9,423,412	$7,659,099	$8,000,034	$782,833	$919,492	$912,394	$972,733
WESTERN DISTRICT										
Atchison Topeka & Santa Fe	$1,566,553	$1,548,534	$1,596,712	$1,582,729	$1,407,332	$1,416,062	$88,863	($150,237)	$138,037	$259,234
Burlington Northern (Note 1)	3,283,490	3,425,151	3,367,346	3,509,511	3,760,570	3,022,248	(315,759)	228,275	(214,438)	338,909
Chicago & North Western	514,811	532,719	597,855	615,165	518,059	539,431	9,165	(6,752)	91,070	75,577
Denver & Rio Grande Western	232,690	240,516	237,423	244,046	217,622	219,104	8,593	11,442	14,996	18,666
Kansas City Southern	227,278	223,298	240,226	236,755	200,835	199,061	20,166	20,662	27,676	24,906
Soo Line	427,788	423,337	439,991	436,780	425,107	390,746	214	23,816	15,762	33,188
Southern Pacific	1,665,807	1,719,218	1,757,590	1,814,540	1,813,648	1,840,547	142,688	(23,264)	(141,547)	(5,376)
Union Pacific (Note 1)	3,422,493	3,382,767	3,485,675	3,443,791	3,607,982	2,807,378	(80,127)	408,260	(56,382)	432,451
TOTAL WESTERN DISTRICT	$11,340,910	$11,495,540	$11,722,618	$11,883,317	$11,951,155	$10,434,577	($129,197)	$512,202	($124,826)	$1,177,555
GRAND TOTAL – UNITED STATES	$20,041,092	$20,637,933	$20,712,307	$21,306,729	$19,610,254	$18,434,611	$653,636	$1,431,694	$787,568	$2,150,288

Note 1: The Year–to–Date figures for Burlington Northern (BN), Grand Trunk Western (GTW), and Union Pacific (UP) include Special Charges taken in the Second and Third Quarter 1991. See the Second Quarter 1991 RE&I report for details on BN's and GTW's Special Charge; UP's charge is discussed on the previous page.

RATE OF RETURN* ON PROPERTY INVESTMENT
TWELVE MONTHS ENDING SEPTEMBER 30
(DOLLARS IN MILLIONS)

	AVERAGE NET INVESTMENT**		NET RAILWAY OPERATING INCOME		RATE OF RETURN*	
	1991	1990	1991	1990	1991	1990
EASTERN DISTRICT	$18,590	$18,289	$1,215.6	$1,155.6	6.54%	6.32%
WESTERN DISTRICT	19,371	18,965	56.1	1,181.5	0.29%	6.23%
UNITED STATES	$37,961	$37,254	$1,271.7	$2,337.1	3.35%	6.27%

NOTES: *Preliminary to ICC's Revenue Adequacy Determination in regard to: (1) interest income, (2) tax allocation, (3) entity principle and (4) predecessor costs.
**Average net investment, which includes an allowance for working capital, has been reduced for accumulated deferred income tax credits.

FINANCIAL AND STATISTICAL TRENDS

QUARTERLY TRENDS

		(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	QUARTER	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES*
1990	1Q	$7,104,043	$6,228,108	$251,573	$750,963	260,867r	$883,954
1990	2Q	7,132,853	6,141,725	562,148	809,742	259,217r	997,592
1990	3Q	7,110,004	6,088,904	595,285	710,272	258,283	928,377
1990	4Q	7,096,302	6,241,891	529,366	490,982	258,817	1,002,244
1991	1Q	6,777,782	6,188,342	429,843	380,478	254,166	575,670
1991	2Q	6,841,978	6,658,804	75,638	155,161	251,748	954,923
1991	3Q	7,092,545	6,763,108	148,151	252,705	266,009	1,030,595

ANNUAL TRENDS

	(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES*
1983	$26,729,392	$24,106,254	$1,777,916	$1,837,854	826,275	$2,760,909
1984	29,453,446	25,800,454	2,653,814	2,536,673	921,542	3,744,396
1985	27,586,441	25,225,295	1,788,151	1,746,386	876,984	4,422,903
1986	26,204,122	24,896,015	748,941	508,591	867,722	3,600,682
1987	26,622,482	23,878,116	1,965,475	1,756,460	943,747	2,970,805
1988	27,934,285	24,811,138	2,286,003	1,979,719	996,182	3,681,447
1989	27,956,959	25,037,666r	2,009,094r	1,894,315r	1,013,821	3,708,662r
1990	28,515,590	24,736,807	1,953,203	2,675,905	1,042,556	3,836,216

r – Revised from previous quarter. * Road and Equipment

NOTES TO RAILROAD FINANCIAL TRENDS

1. Figures shown under Annual Trends are based on the Annual Report (R-1) to the Interstate Commerce Commission and may vary substantially from the R&I quarterly data which are considered preliminary.
2. There is a modest distortion created in the above trends due to changes in the Class I Railroad consist. The railroads listed below have been reclassified to non Class I since 1984: in 1985 Bessemer & Lake Erie, Pittsburgh & Lake Erie, and Duluth Missabe and Iron Range, in 1986 Elgin, Joliet & Eastern; in 1988 Boston & Maine Railroad and Delaware & Hudson Railway. In 1990, the Western Railroad Properties, Inc. (WRPI) was included as a Class I Railroad. In 1991, the ICC issued a temporary exception from Class I reporting requirements applicable to WRPI, which relieved WRPI from submitting an Annual Report for 1990 and quarterly R&E reports for 1991.
3. The Annual and Quarterly Trends include Special Charges, covering asset writedowns and employee buyouts. Special Charges were taken in 1985 by CSX; in 1986 by UP, BN, ICG, ATSF, SP, SSW, KCS, SOO; in 1987 by NSC; in 1988 by CSX; in 1989 by CRC, SOO and ATSF; in 1990 by CNW; in 1991 by BN, GTW, and UP. These special charges distort trends comparisons for Operating Expenses, Ordinary Income, and Net Railway Operating Income.

ECONOMICS AND FINANCE DEPARTMENT
ASSOCIATION OF AMERICAN RAILROADS
50 F STREET, NW
WASHINGTON, DC 20001-1564

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ASSOCIATION OF AMERICAN RAILROADS

FOURTH QUARTER
R&E SERIES NO. 748

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

ACCOUNT	FOR THE FOURTH QUARTER			FOR TWELVE MONTHS ENDED DEC. 31		
	1991	1990	%Change	1991	1990	%Change
Freight	$8,908,277	$8,832,586	1.11%	$26,949,369	$27,470,519	-1.90%
Passenger	23,459	23,527	-0.29%	93,985	93,861	0.13%
Passenger - Related	46	47	-2.13%	188	171	9.94%
All Other Operating Revenues	199,310	205,277	-2.91%	793,792	798,128	-0.54%
Joint Facility Account	1,809	1,636	10.57%	7,874	7,125	10.51%
OPERATING REVENUES	$7,132,901	$7,063,073	0.99%	$27,845,208	$28,369,802	-1.85%
Depreciation - Road	$424,429	$329,869	28.67%	$1,530,722	$1,307,536	17.07%
All Other Way and Structures	1,197,982	702,298	70.58%	3,606,339	2,969,799	21.43%
Total Way and Structures	1,622,411	1,032,167	57.18%	5,137,061	4,277,335	20.10%
Depreciation - Equipment	245,456	243,712	0.72%	975,491	988,995	-1.37%
All Other Equipment	1,336,434	1,300,477	2.76%	5,421,131	5,361,498	1.11%
Total Equipment	1,581,900	1,544,189	2.44%	6,396,622	6,350,493	0.73%
Transportation - Train and Yard	2,299,123	2,636,473	-12.80%	9,360,477	9,821,568	-4.69%
Transportation - Specialized Services & Administrative	355,349	318,890	11.43%	1,480,643	1,455,139	1.75%
General and Administrative	2,593,148	685,211	278.45%	5,687,384	2,747,173	107.03%
OPERATING EXPENSES	$8,451,931	$6,216,930	35.95%	$28,062,187	$24,651,738	13.83%
NET REVENUE RAIL OPERATIONS	($1,319,030)	$846,143	-255.89%	($216,979)	$3,718,064	-105.84%
OTHER INCOME	$384,468	$432,423	-11.09%	$1,294,448	$1,107,815	16.87%
Income from Affiliated Companies:						
Dividends	5,462	12,157	-55.07%	13,276	58,012	-77.12%
Equity in Undistributed Earnings (Losses)	36,552	390		114,110	88,122	29.49%
Total Income From Affiliated Companies	42,014	12,547	234.85%	127,386	146,134	-12.83%
Miscellaneous Deductions From Income	54,115	93,937	-42.39%	277,861	344,882	-19.39%
INCOME AVAILABLE FOR FIXED CHARGES	($946,663)	$1,197,176	-179.07%	$926,994	$4,627,131	-79.97%
Interest on Funded Debt	223,606	248,218	-9.92%	929,311	963,944	-3.59%
Interest on Unfunded Debt	55,148	59,832	-7.83%	218,066	241,858	-9.84%
Amortization of Discount on Funded Debt	4,180	4,943	-15.44%	15,405	20,297	-24.10%
TOTAL FIXED CHARGES	282,934	312,993	-9.60%	1,162,782	1,226,099	-5.16%
INCOME AFTER FIXED CHARGES	($1,229,597)	$884,183	-239.07%	($235,788)	$3,401,032	-106.93%
Other Deductions	2,994	2,445	22.45%	12,658	9,847	28.55%
Unusual or Infrequent Items (Debit) Credit					(342,100)	
Income (Loss) From Cont. Oper. Before Income Taxes	($1,232,591)	$881,738	-239.79%	($248,446)	$3,049,085	-108.15%
Income Taxes on Ordinary Income	140,817	131,815	6.83%	652,347	706,971	-7.73%
Provisions for Deferred Income Taxes	(628,753)	219,228	-386.80%	(809,146)	379,707	-313.10%
Income (Loss) From Cont. Oper. After Income Taxes	($744,655)	$530,695	-240.32%	($91,647)	$1,962,407	-104.67%
Income or (Loss) From Oper.of Discontinued Segments						
Gain or (Loss) on Disposal of Discontinued Segments						
ORDINARY INCOME	($744,655)	$530,695	-240.32%	($91,647)	$1,962,407	-104.67%
Extraordinary Items (Net)	(1,989)	8,807	-122.58%	(7,502)	20,788	-136.09%
Income Taxes on Extraordinary Items	800			800		
Provision for Deferred Taxes-Extraordinary Items	264	25		2,164	(4,504)	148.05%
Cumulative Effect of Changes in Accounting Principles	(174,647)			(183,635)		
NET INCOME	($920,227)	$539,527	-270.56%	($279,820)	$1,978,691	-114.14%
Income From Lease of Road and Equipment	(4,169)	(3,254)	28.12%	(12,989)	(12,923)	0.51%
Rent for Leased Roads and Equipment	9,487	7,823	21.27%	34,959	31,289	11.73%
NET RAILWAY OPERATING INCOME	($825,776)	$499,669	-265.26%	($38,210)	$2,649,752	-101.44%
Dividends on Common Stock	$190,428	$1,139,970	-83.30%	$883,330	$2,059,189	-57.10%
Dividends on Preferred Stock	5,596	5,600	-0.07%	22,394	17,542	27.66%
***** RATIOS *****						
Expenses to Revenues	118.492%	88.020%		100.779%	86.894%	
Total Maintenance to Revenues	44.923%	36.476%		41.421%	37.462%	
Transportation to Revenues	37.214%	41.842%		38.934%	39.749%	
CASH FLOW	($740,065)	$1,323,114	-155.93%	$1,491,310	$4,550,523	-67.23%

FOR THE FOURTH QUARTER

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in Thousands)

DISTRICT & RAILROAD	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990
EASTERN DISTRICT										
Consolidated Rail (Note 1)	$799,281	$792,497	$816,004	$815,523	$1,410,274	$694,517	($376,057)	$75,929	($359,286)	$81,924
CSX Transportation (Note 1)	1,087,230	1,070,797	1,119,889	1,102,853	1,690,561	950,672	(314,652)	116,225	(380,589)	89,150
Florida East Coast	37,157	37,106	38,053	37,872	31,605	32,933	17,891	11,397	(1,829)	(698)
Grand Trunk Western	65,425	68,658	68,383	72,763	69,083	75,389	1,237	(2,933)	(493)	(4,776)
Illinois Central	129,593	119,487	140,593	128,043	102,160	96,054	18,373	12,358	30,166	26,264
Norfolk Southern (Note 1)	882,528	901,286	912,660	930,997	1,199,517	760,381	(167,442)	131,586	(166,136)	111,344
TOTAL EASTERN DISTRICT	$3,001,214	$2,989,831	$3,095,582	$3,088,051	$4,503,200	$2,609,946	($820,650)	$344,562	($878,167)	$303,208
WESTERN DISTRICT										
Atchison Topeka & Santa Fe	$546,579	$519,039	$556,823	$528,886	$491,341	$506,492	$35,124	($11,936)	$45,809	$18,968
Burlington Northern	1,161,542	1,135,261	1,191,304	1,164,897	1,036,909	1,056,365	73,872	54,353	103,538	75,173
Chicago & North Western (Note 1)	177,759	166,188	205,378	194,789	278,684	182,242	(60,492)	(58,462)	(36,431)	(7,105)
Denver & Rio Grande Western (Note 1)	82,736	85,796	84,246	87,059	87,409	76,880	(2,757)	5,494	(1,684)	7,374
Kansas City Southern	77,880	78,957	82,020	83,133	66,638	65,244	8,899	10,222	9,996	11,824
Soo Line	145,056	151,942	149,255	157,175	137,616	136,584	4,180	8,755	8,962	11,764
Southern Pacific (Note 1)	560,763	583,364	591,012	615,139	888,242	620,334	(141,189)	52,402	(212,390)	(37,506)
Union Pacific	1,154,748	1,122,208	1,177,281	1,143,944	961,892	962,843	158,358	125,305	134,591	115,969
TOTAL WESTERN DISTRICT	$3,907,063	$3,842,755	$4,037,319	$3,975,022	$3,948,731	$3,606,984	$75,995	$186,133	$52,391	$196,461
GRAND TOTAL – UNITED STATES	$6,908,277	$6,832,586	$7,132,901	$7,063,073	$8,451,931	$6,216,930	($744,655)	$530,695	($825,776)	$499,669

Note 1: During the Fourth Quarter 1991, these railroads recorded Special Charges totalling $2,197 million. The Ordinary Income and Net Railway Operating Income (NROI) for these railroads was reduced by $1,416 million, as a result of the Special Charges. A summary of the Special Charges by railroad is attached.

YEAR-TO-DATE

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in Thousands)

DISTRICT & RAILROAD	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1991	1990	1991	1990	1991	1990	1991	1990	1991	1990
EASTERN DISTRICT										
Consolidated Rail (Note 1)	$3,059,985	$3,206,437	$3,136,548	$3,292,856	$3,419,640	$2,877,546	($206,544)	$246,779	($130,978)	$295,265
CSX Transportation (Note 1)	4,207,006	4,315,697	4,336,375	4,435,758	4,545,671	3,909,876	(105,190)	346,897	(129,816)	370,098
Florida East Coast	135,022	139,615	138,213	142,638	126,012	121,532	26,629	29,792	(1,202)	5,216
Grand Trunk Western (Note 1)	259,830	295,480	270,438	310,052	320,877	321,507	(41,529)	(7,263)	(40,687)	(8,839)
Illinois Central	509,419	511,773	549,728	544,174	404,631	410,321	65,292	46,179	114,331	111,444
Norfolk Southern (Note 1)	3,530,134	3,663,222	3,653,971	3,785,987	3,345,470	2,969,395	223,523	601,688	222,577	502,551
TOTAL EASTERN DISTRICT	$11,701,396	$12,132,224	$12,085,271	$12,511,463	$12,162,301	$10,610,177	($37,819)	$1,264,072	$34,225	$1,275,735
WESTERN DISTRICT										
Atchison Topeka & Santa Fe	$2,113,132	$2,067,573	$2,153,535	$2,111,615	$1,898,673	$1,922,554	$123,987	($162,173)	$183,846	$278,203
Burlington Northern (Note 1)	4,445,032	4,560,412	4,558,650	4,674,408	4,797,479	4,078,613	(244,887)	282,628	(110,900)	414,082
Chicago & North Western (Note 1)	692,570	698,907	803,033	809,954	796,743	721,673	(51,953)	(65,214)	54,639	68,472
Denver & Rio Grande Western (Note 1)	315,426	326,312	321,669	331,105	305,031	295,984	5,838	16,936	13,312	26,040
Kansas City Southern	305,158	302,255	322,246	319,888	267,473	264,305	29,065	30,884	37,672	36,730
Soo Line	572,844	575,279	589,246	593,955	562,723	527,330	4,394	32,571	24,724	44,952
Southern Pacific (Note 1)	2,226,570	2,302,582	2,348,602	2,429,679	2,701,890	2,460,881	1,499	29,138	(353,937)	(42,882)
Union Pacific (Note 1)	4,577,241	4,504,975	4,662,956	4,587,735	4,569,874	3,770,221	78,231	533,565	78,209	548,420
TOTAL WESTERN DISTRICT	$15,247,973	$15,338,295	$15,759,937	$15,858,339	$15,899,886	$14,041,561	($53,828)	$696,335	($72,435)	$1,374,017
GRAND TOTAL – UNITED STATES	$26,949,369	$27,470,519	$27,845,208	$28,369,802	$28,062,187	$24,651,738	($91,647)	$1,962,407	($38,210)	$2,649,752

Note 1: The Year-to-Date figures for these railroads include Special Charges taken during 1991. The Special Charges included in (i) Operating Expenses for 1991 totaled $3,670 million and (ii) reduced Ordinary Income and Net Railway Operating Income (NROI) by $2,371 million. See attached analysis for details by railroad.

RATE OF RETURN* ON PROPERTY INVESTMENT
TWELVE MONTHS ENDING DECEMBER 31
(DOLLARS IN MILLIONS)

	AVERAGE NET INVESTMENT**		NET RAILWAY OPERATING INCOME		RATE OF RETURN*	
	1991	1990	1991	1990	1991	1990
EASTERN DISTRICT	$18,836	$18,498	$34.2	$1,275.7	0.18%	6.90%
WESTERN DISTRICT	19,409	19,010	(72.4)	1,374.0	Negative	7.23%
UNITED STATES	$38,245	$37,508	($38.2)	$2,649.7	Negative	7.06%

NOTES: *Preliminary to ICC's Revenue Adequacy Determination in regard to: (1) interest income, (2) tax allocation, (3) entity principle and (4) predecessor costs.
**Average net investment, which includes an allowance for working capital, has been reduced for accumulated deferred income tax credits.

FINANCIAL AND STATISTICAL TRENDS

QUARTERLY TRENDS

		(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	QUARTER	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES*
1990	1Q	$7,104,043	$6,226,108	$251,573	$750,963	260,867r	$683,954
1990	2Q	7,132,853	6,141,725	562,148	699,742	259,217r	997,592
1990	3Q	7,110,004	6,088,904	595,285	710,272	258,283	928,377
1990	4Q	7,098,302	6,241,891	529,366	490,982	258,817	1,002,244
1991	1Q	6,777,782	6,188,342	429,843	380,478	254,166	575,670
1991	2Q	6,841,978	6,658,804	75,638	155,161	251,748	954,923
1991	3Q	7,092,545	6,783,108	148,151	252,705	266,009	1,030,595
1991	4Q	7,132,901	8,451,931	(744,655)	(825,776)	267,006	1,033,114

ANNUAL TRENDS

	(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES*
1983	$26,729,392	$24,106,254	$1,777,916	$1,837,854	828,275	$2,780,909
1984	29,453,446	25,800,454	2,653,814	2,536,673	921,542	3,744,395
1985	27,586,441	25,225,295	1,788,151	1,748,386	876,984	4,422,903
1986	26,204,122	24,896,015	748,941	506,591	867,722	3,600,682
1987	26,622,482	23,878,116	1,965,475	1,756,460	943,747	2,970,805
1988	27,934,285	24,811,138	2,286,003	1,979,719	996,182	3,681,447
1989	27,955,959	25,037,866	2,009,094	1,894,315	1,013,821	3,708,862
1990	28,369,803r	24,651,542r	1,961,127r	2,648,258r	1,033,969r	3,839,838r
1991	27,845,208	28,062,187	(91,647)	(38,210)	1,039,786	3,842,347

r – Revised from previous quarter.
* Road and Equipment

NOTES TO RAILROAD FINANCIAL TRENDS

1. Figures shown under Annual Trends are based on the Annual Report (R-1) to the Interstate Commerce Commission and may vary substantially from the RE&I quarterly data which are considered preliminary.
2. There is a modest distortion created in the above trends due to changes in the Class I Railroad consist. The railroads listed below have been reclassified to non Class I since 1984: in 1985 Bessemer & Lake Erie, Pittsburgh & Lake Erie, and Duluth Missabe and Iron Range, in 1986 Elgin, Joliet & Eastern; in 1988 Boston & Maine Railroad and Delaware & Hudson Railway. In 1990, the Western Railroad Properties, Inc. (WRPI) was included as a Class I Railroad. In 1991, the ICC issued a temporary exception from Class I reporting requirements applicable to WRPI, which relieved WRPI from submitting an Annual Report for 1990 and quarterly R&E reports for 1991.
3. The Annual and Quarterly Trends include Special Charges, covering asset writedowns and employee buyouts. Special Charges were taken in 1985 by CSX; in 1986 by ATSF, BN, ICG, KCS, SOO, SP, SSW, and UP,; in 1987 by NSC; in 1988 by CSX; in 1989 by ATSF, CRC, and SOO; in 1990 by CNW; in 1991 by BN, CNW, CRC, CSX, DRGW, GTW, NSC, SP, and UP. These special charges distort trends comparisons for Operating Expenses, Ordinary Income and Net Railway Operating Income.

ECONOMICS AND FINANCE DEPARTMENT
ASSOCIATION OF AMERICAN RAILROADS
50 F STREET, NW
WASHINGTON, DC 20001-1564

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ASSOCIATION OF AMERICAN RAILROADS

FIRST QUARTER
R&E SERIES NO. 749

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

ACCOUNT	FOR THE FIRST QUARTER			FOR THREE MONTHS ENDED MARCH 31		
	1992	1991	%Change	1992	1991	%Change
Freight	$6,831,307	$6,554,161	4.23%	$6,831,307	$6,554,161	4.23%
Passenger	23,071	22,951	0.52%	23,071	22,951	0.52%
Passenger – Related	43	48	-10.42%	43	48	-10.42%
All Other Operating Revenues	192,454	198,893	-3.24%	192,454	198,893	-3.24%
Joint Facility Account	1,985	1,729	14.81%	1,985	1,729	14.81%
OPERATING REVENUES	$7,048,860	$6,777,782	4.00%	$7,048,860	$6,777,782	4.00%
Depreciation – Road	$345,824	$341,999	1.12%	$345,824	$341,999	1.12%
All Other Way and Structures	779,332	741,550	5.10%	779,332	741,550	5.10%
Total Way and Structures	1,125,156	1,083,549	3.84%	1,125,156	1,083,549	3.84%
Depreciation – Equipment	248,445	245,326	1.27%	248,445	245,326	1.27%
All Other Equipment	1,376,342	1,363,995	0.91%	1,376,342	1,363,995	0.91%
Total Equipment	1,624,787	1,609,321	0.96%	1,624,787	1,609,321	0.96%
Transportation – Train and Yard	2,240,280	2,386,549	-6.13%	2,240,280	2,386,549	-6.13%
Transportation – Specialized Services & Administrative	369,525	369,918	-0.11%	369,525	369,918	-0.11%
General and Administrative	798,544	739,005	8.06%	798,544	739,005	8.06%
OPERATING EXPENSES	$6,158,292	$6,188,342	-0.49%	$6,158,292	$6,188,342	-0.49%
NET REVENUE RAIL OPERATIONS	$890,568	$589,440	51.09%	$890,568	$589,440	51.09%
OTHER INCOME	$323,497	$395,148	-18.13%	$323,497	$395,148	-18.13%
Income from Affiliated Companies:						
Dividends	49,500	5,161	859.12%	49,500	5,161	859.12%
Equity in Undistributed Earnings (Losses)	(20,229)	25,050	-180.75%	(20,229)	25,050	-180.75%
Total Income From Affiliated Companies	29,271	30,211	-3.11%	29,271	30,211	-3.11%
Miscellaneous Deductions From Income	84,453	69,196	22.05%	84,453	69,196	22.05%
INCOME AVAILABLE FOR FIXED CHARGES	$1,158,883	$945,601	22.56%	$1,158,883	$945,601	22.56%
Interest on Funded Debt	212,239	237,684	-10.71%	212,239	237,684	-10.71%
Interest on Unfunded Debt	50,523	57,923	-12.78%	50,523	57,923	-12.78%
Amortization of Discount on Funded Debt	3,910	3,399	15.03%	3,910	3,399	15.03%
TOTAL FIXED CHARGES	266,672	299,006	-10.81%	266,672	299,006	-10.81%
INCOME AFTER FIXED CHARGES	$892,211	$646,595	37.99%	$892,211	$646,595	37.99%
Other Deductions	3,178	3,669	-13.38%	3,178	3,669	-13.38%
Unusual or Infrequent Items (Debit) Credit						
Income (Loss) From Cont. Oper. Before Income Taxes	$889,033	$642,926	38.28%	$889,033	$642,926	38.28%
Income Taxes on Ordinary Income	201,717	136,451	47.83%	201,717	136,451	47.83%
Provisions for Deferred Income Taxes	100,014	77,717	28.69%	100,014	77,717	28.69%
Income (Loss) From Cont. Oper. After Income Taxes	$587,302	$428,758	36.98%	$587,302	$428,758	36.98%
Income or (Loss) From Oper.of Discontinued Segments						
Gain or (Loss) on Disposal of Discontinued Segments						
ORDINARY INCOME	$587,302	$428,758	36.98%	$587,302	$428,758	36.98%
Extraordinary Items (Net)	(148,006)			(148,006)		
Income Taxes on Extraordinary Items						
Provision for Deferred Taxes-Extraordinary Items	56,982			56,982		
Cumulative Effect of Changes in Accounting Principles	23,731	(11,259)	-310.77%	23,731	(11,259)	-310.77%
NET INCOME	$520,009	$417,499	24.55%	$520,009	$417,499	24.55%
Income From Lease of Road and Equipment	(2,328)	(2,981)	-21.91%	(2,328)	(2,981)	-21.91%
Rent for Leased Roads and Equipment	8,927	8,188	9.03%	8,927	8,188	9.03%
NET RAILWAY OPERATING INCOME	$595,436	$380,479	56.50%	$595,436	$380,479	56.50%
Dividends on Common Stock	$188,221	$308,748	-39.04%	$188,221	$308,748	-39.04%
Dividends on Preferred Stock	5,597	5,601	-0.07%	5,597	5,601	-0.07%
***** RATIOS *****						
Expenses to Revenues	87.366%	91.303%		87.366%	91.303%	
Total Maintenance to Revenues	39.013%	39.731%		39.013%	39.731%	
Transportation to Revenues	37.024%	40.669%		37.024%	40.669%	
CASH FLOW	$1,301,814	$1,068,750	21.81%	$1,301,814	$1,068,750	21.81%

FOR THE FIRST QUARTER

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in Thousands)

DISTRICT & RAILROAD	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991
EASTERN DISTRICT										
Consolidated Rail	$747,177	$707,741	$766,840	$729,291	$691,652	$686,254	$37,659	$18,207	$55,339	$37,585
CSX Transportation	1,090,302	1,023,611	1,113,759	1,052,450	997,275	943,249	65,473	57,313	81,374	81,016
Florida East Coast	32,058	32,798	32,660	33,519	28,806	30,420	4,468	3,718	1,367	781
Grand Trunk Western	66,594	65,648	69,521	68,949	74,704	79,498	(4,258)	(8,932)	(2,727)	(8,361)
Illinois Central	127,984	128,526	138,678	137,982	96,366	101,006	21,230	15,630	31,368	29,605
Norfolk Southern	885,697	860,989	918,742	891,463	687,427	731,001	154,006	105,430	160,970	103,835
TOTAL EASTERN DISTRICT	$2,949,812	$2,819,313	$3,040,200	$2,913,654	$2,576,230	$2,571,428	$278,578	$191,366	$327,691	$244,461
WESTERN DISTRICT										
Atchison Topeka & Santa Fe	$535,582	$500,904	$545,141	$510,857	$485,028	$465,688	$25,266	$20,933	$45,463	$33,236
Burlington Northern	1,155,750	1,103,153	1,184,694	1,132,025	1,041,114	1,080,240	90,836	8,293	85,810	44,050
Chicago & North Western	172,433	168,695	200,180	196,449	176,360	177,422	5,049	(696)	26,557	23,418
Denver & Rio Grande Western	77,286	75,045	78,742	76,727	76,512	72,375	(300)	1,598	2,416	3,558
Kansas City Southern	80,889	73,070	85,306	77,712	68,772	66,637	8,523	5,391	11,799	8,006
Soo Line	145,868	139,150	151,068	143,341	141,647	142,940	2,766	(2,777)	7,877	2,474
Southern Pacific	557,663	530,712	585,653	560,830	616,688	623,805	46,046	88,845	(59,462)	(110,592)
Union Pacific	1,156,024	1,144,119	1,177,876	1,166,187	975,941	987,807	130,538	115,805	147,285	131,868
TOTAL WESTERN DISTRICT	$3,881,495	$3,734,848	$4,008,660	$3,864,128	$3,582,062	$3,616,914	$308,724	$237,392	$267,745	$136,018
GRAND TOTAL – UNITED STATES	$6,831,307	$6,554,161	$7,048,860	$6,777,782	$6,158,292	$6,188,342	$587,302	$428,758	$595,436	$380,479

YEAR-TO-DATE

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in Thousands)

DISTRICT & RAILROAD	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991
EASTERN DISTRICT										
Consolidated Rail	$747,177	$707,741	$766,840	$729,291	$691,652	$686,254	$37,659	$18,207	$55,339	$37,585
CSX Transportation	1,090,302	1,023,611	1,113,759	1,052,450	997,275	943,249	65,473	57,313	81,374	81,016
Florida East Coast	32,058	32,798	32,660	33,519	28,806	30,420	4,468	3,718	1,367	781
Grand Trunk Western	66,594	65,648	69,521	68,949	74,704	79,498	(4,258)	(8,932)	(2,727)	(8,361)
Illinois Central	127,984	128,526	138,678	137,962	96,366	101,006	21,230	15,630	31,368	29,605
Norfolk Southern	885,697	860,989	918,742	891,463	687,427	731,001	154,006	105,430	160,970	103,835
TOTAL EASTERN DISTRICT	$2,949,812	$2,819,313	$3,040,200	$2,913,654	$2,576,230	$2,571,428	$278,578	$191,366	$327,691	$244,461
WESTERN DISTRICT										
Atchison Topeka & Santa Fe	$535,582	$500,904	$545,141	$510,857	$485,028	$465,688	$25,266	$20,933	$45,463	$33,236
Burlington Northern	1,155,750	1,103,153	1,184,694	1,132,025	1,041,114	1,080,240	90,836	8,293	85,810	44,050
Chicago & North Western	172,433	168,695	200,180	196,449	176,360	177,422	5,049	(696)	26,557	23,416
Denver & Rio Grande Western	77,286	75,045	78,742	76,727	76,512	72,375	(300)	1,598	2,416	3,558
Kansas City Southern	80,889	73,070	85,306	77,712	68,772	66,637	8,523	5,391	11,799	8,006
Soo Line	145,868	139,150	151,068	143,341	141,647	142,940	2,766	(2,777)	7,877	2,474
Southern Pacific	557,663	530,712	585,653	560,830	616,688	623,805	46,046	88,845	(59,462)	(110,592)
Union Pacific	1,156,024	1,144,119	1,177,876	1,166,187	975,941	987,807	130,538	115,605	147,285	131,868
TOTAL WESTERN DISTRICT	$3,881,495	$3,734,848	$4,008,660	$3,864,128	$3,582,062	$3,616,914	$308,724	$237,392	$267,745	$136,018
GRAND TOTAL – UNITED STATES	$6,831,307	$6,554,161	$7,048,860	$6,777,782	$6,158,292	$6,188,342	$587,302	$428,758	$595,436	$380,479

RATE OF RETURN* ON PROPERTY INVESTMENT
TWELVE MONTHS ENDING MARCH 31
(DOLLARS IN MILLIONS)

	AVERAGE NET INVESTMENT**		NET RAILWAY OPERATING INCOME		RATE OF RETURN*	
	1992	1991	1992	1991	1992	1991
EASTERN DISTRICT	$18,639	$18,417	$117.5	$1,221.5	0.63%	6.63%
WESTERN DISTRICT	19,364	18,889	59.2	1,057.8	0.31%	5.60%
UNITED STATES	$38,003	$37,306	$176.7	$2,279.3	0.46%	6.11%

NOTES: *Preliminary to ICC's Revenue Adequacy Determination in regard to: (1) interest income, (2) tax allocation, (3) entity principle and (4) predecessor costs.
**Average net investment, which includes an allowance for working capital, has been reduced for accumulated deferred income tax credits.

FINANCIAL AND STATISTICAL TRENDS

QUARTERLY TRENDS

		(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	QUARTER	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES*
1990	1Q	$7,104,043	$6,226,108	$251,573	$750,963	260,867r	$683,954
1990	2Q	7,132,853	6,141,725	582,148	699,742	259,217r	997,592
1990	3Q	7,110,004	6,088,904	595,285	710,272	258,283	928,377
1990	4Q	7,098,302	6,241,891	529,386	490,982	258,817	1,002,244
1991	1Q	6,777,782	6,188,342	429,843	380,478	254,166	575,670
1991	2Q	6,841,978	6,658,804	75,638	155,161	251,746	954,923
1991	3Q	7,092,545	6,763,108	148,151	252,705	266,009	1,030,595
1991	4Q	7,132,901	8,451,931	(744,655)	(825,776)	267,006	1,033,114
1992	1Q	7,048,860	6,158,292	587,302	595,436r	265,300	616,376

ANNUAL TRENDS

	(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES*
1983	$26,729,392	$24,106,254	$1,777,918	$1,837,854	828,275	$2,760,909
1984	29,453,448	25,800,454	2,653,814	2,536,673	921,542	3,744,395
1985	27,586,441	25,225,295	1,788,151	1,746,386	876,984	4,422,903
1986	26,204,122	24,896,015	748,941	506,591	867,722	3,600,682
1987	26,622,482	23,878,118	1,965,475	1,756,460	943,747	2,970,805
1988	27,934,285	24,811,138	2,286,003	1,979,719	996,182	3,681,447
1989	27,955,959	25,037,666	2,009,094	1,894,315	1,013,821	3,708,662
1990	28,369,803r	24,651,542r	1,961,127r	2,648,258r	1,033,969r	3,839,838r
1991	27,845,208	28,062,187	(91,647)	(38,210)	1,039,788	3,642,347

r – Revised from previous quarter. * Road and Equipment

NOTES TO RAILROAD FINANCIAL TRENDS

1. Figures shown under Annual Trends are based on the Annual Report (R-1) to the Interstate Commerce Commission and may vary substantially from the RE&I quarterly data which are considered preliminary.

2. There is a modest distortion created in the above trends due to changes in the Class I Railroad consist. The railroads listed below have been reclassified to non Class I since 1984: in 1985 Bessemer & Lake Erie, Pittsburgh & Lake Erie, and Duluth Missabe and Iron Range, in 1986 Elgin, Joliet & Eastern; in 1988 Boston & Maine Railroad and Delaware & Hudson Railway. In 1990, the Western Railroad Properties, Inc. (WRPI) was included as a Class I Railroad. In 1991, the ICC issued a temporary exception from Class I reporting requirements applicable to WRPI, which relieved WRPI from submitting an Annual Report for 1990 and quarterly R&E reports for 1991.

3. The Annual and Quarterly Trends include Special Charges, covering asset writedowns and employee buyouts. Special Charges were taken in 1985 by CSX; in 1986 by ATSF, BN, ICG, KCS, SOO, SP, SSW, and UP,; in 1987 by NSC; in 1988 by CSX; in 1989 by ATSF, CRC, and SOO; in 1990 by CNW; in 1991 by BN, CNW, CRC, CSX, DRGW, GTW, NSC, SP, and UP. These special charges distort trends comparisons for Operating Expenses, Ordinary Income and Net Railway Operating Income.

ECONOMICS AND FINANCE DEPARTMENT
ASSOCIATION OF AMERICAN RAILROADS
50 F STREET, NW
WASHINGTON, DC 20001-1564

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ASSOCIATION OF AMERICAN RAILROADS

SECOND QUARTER
R&E SERIES NO. 750

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(DOLLARS IN THOUSANDS)

ACCOUNT	FOR THE SECOND QUARTER			FOR SIX MONTHS ENDED JUNE 30		
	1992	1991	%Change	1992	1991	%Change
Freight	$6,794,936	$6,583,601	3.21%	$13,594,185	$13,104,983	3.73%
Passenger	23,973	23,541	1.84%	47,044	46,492	1.19%
Passenger – Related	51	48	6.25%	94	96	-2.08%
All Other Operating Revenues	179,344	198,503	-9.65%	371,196	396,676	-6.42%
Joint Facility Account	2,199	2,046	7.48%	4,184	3,775	10.83%
OPERATING REVENUES	$7,000,503	$6,807,739	2.83%	$14,016,703	$13,552,002	3.43%
Depreciation – Road	$334,284	$329,328	1.51%	$678,528	$669,804	1.30%
All Other Way and Structures	753,206	903,306	-16.62%	1,529,355	1,640,969	-6.80%
Total Way and Structures	1,087,490	1,232,632	-11.77%	2,207,883	2,310,773	-4.45%
Depreciation – Equipment	242,316	240,056	0.94%	488,694	483,344	1.11%
All Other Equipment	1,331,533	1,408,101	-5.44%	2,702,139	2,766,422	-2.32%
Total Equipment	1,573,849	1,648,157	-4.51%	3,190,833	3,249,766	-1.81%
Transportation – Train and Yard	2,188,061	2,414,226	-9.37%	4,420,196	4,791,768	-7.75%
Transportation – Specialized Services & Administrative	374,858	368,512	1.72%	740,315	733,763	0.89%
General and Administrative	1,439,534	965,771	49.06%	2,234,051	1,701,150	31.33%
OPERATING EXPENSES	$6,663,792	$6,629,298	0.52%	$12,793,278	$12,787,220	0.05%
NET REVENUE RAIL OPERATIONS	$336,711	$178,441	88.70%	$1,223,425	$764,782	59.97%
OTHER INCOME	$212,095	$269,246	-21.23%	$485,882	$661,094	-26.50%
Income from Affiliated Companies:						
Dividends	95,100	1,553		144,600	6,714	
Equity in Undistributed Earnings (Losses)	(68,387)	24,740	-376.42%	(88,918)	49,916	-278.14%
Total Income From Affiliated Companies	26,713	26,293	1.60%	55,682	56,630	-1.67%
Miscellaneous Deductions From Income	72,976	76,400	-4.48%	157,149	145,361	8.11%
INCOME AVAILABLE FOR FIXED CHARGES	$502,543	$397,580	26.40%	$1,607,840	$1,337,145	20.24%
Interest on Funded Debt	198,225	235,573	-15.85%	410,464	473,257	-13.27%
Interest on Unfunded Debt	53,045	51,458	3.08%	103,588	109,381	-5.31%
Amortization of Discount on Funded Debt	7,876	3,883	102.83%	11,786	7,282	61.85%
TOTAL FIXED CHARGES	259,146	290,914	-10.92%	525,818	589,920	-10.87%
INCOME AFTER FIXED CHARGES	$243,397	$106,666	128.19%	$1,082,022	$747,225	44.81%
Other Deductions	3,180	2,980	6.71%	6,358	6,649	-4.38%
Unusual or Infrequent Items (Debit) Credit				46,631		
Income (Loss) From Cont. Oper. Before Income Taxes	$240,217	$103,686	131.68%	$1,122,295	$740,576	51.54%
Income Taxes on Ordinary Income	114,068	124,969	-8.72%	313,433	259,282	20.89%
Provisions for Deferred Income Taxes	(36,351)	(92,962)	-60.90%	63,528	(15,405)	-512.39%
Income (Loss) From Cont. Oper. After Income Taxes	$162,500	$71,679	126.71%	$745,334	$496,719	50.05%
Income or (Loss) From Oper.of Discontinued Segments						
Gain or (Loss) on Disposal of Discontinued Segments						
ORDINARY INCOME	$162,500	$71,679	126.71%	$745,334	$496,719	50.05%
Extraordinary Items (Net)		(5,513)		(148,006)	(5,513)	
Income Taxes on Extraordinary Items						
Provision for Deferred Taxes–Extraordinary Items		1,900		56,982	1,900	
Cumulative Effect of Changes in Accounting Principles				23,731	(11,259)	-310.77%
NET INCOME	$162,500	$68,066	138.74%	$678,041	$481,847	40.72%
Income From Lease of Road and Equipment	(4,765)	(2,767)	72.21%	(7,093)	(5,748)	23.40%
Rent for Leased Roads and Equipment	10,312	8,633	19.45%	19,239	16,821	14.37%
NET RAILWAY OPERATING INCOME	$264,541	$152,300	73.70%	$858,610	$531,908	61.39%
Dividends on Common Stock	$189,087	$190,141	-0.55%	$377,308	$498,889	-24.37%
Dividends on Preferred Stock	5,593	5,598	-0.09%	11,190	11,199	-0.08%
***** RATIOS *****						
Expenses to Revenues	95.190%	97.379%		91.272%	94.357%	
Total Maintenance to Revenues	38.016%	42.316%		38.516%	41.031%	
Transportation to Revenues	36.610%	40.876%		36.817%	40.773%	
CASH FLOW	$771,136	$523,359	47.34%	$2,065,002	$1,584,546	30.32%

FOR THE SECOND QUARTER

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in Thousands)

DISTRICT & RAILROAD	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991
EASTERN DISTRICT										
Consolidated Rail	$791,070	$764,401	$807,350	$783,398	$671,451	$655,727	$77,099	$72,989	$94,489	$93,269
CSX Transportation (1)	1,088,199	1,029,912	1,113,585	1,063,218	1,622,076	937,567	(322,964)	73,437	(321,562)	84,617
Grand Trunk Western (2)	66,309	66,545	68,715	68,579	72,488	101,091	(2,232)	(29,865)	(683)	(26,565)
Illinois Central	119,489	122,154	129,908	131,314	93,516	96,184	17,213	13,827	27,518	28,301
Norfolk Southern	910,441	875,187	939,494	907,894	714,268	705,242	142,360	130,906	146,188	132,260
TOTAL EASTERN DISTRICT	$2,975,508	$2,858,199	$3,059,052	$2,954,403	$3,173,799	$2,495,811	($88,524)	$261,294	($54,050)	$309,882
WESTERN DISTRICT										
Atchison Topeka & Santa Fe	$540,199	$513,801	$550,025	$524,073	$482,705	$459,979	$29,632	$27,982	$49,605	$48,143
Burlington Northern (2)	1,062,178	1,052,579	1,090,967	1,080,182	988,082	1,691,741	50,029	(407,207)	69,722	(372,268)
Chicago & North Western	174,387	170,961	201,293	197,549	171,754	172,028	11,379	479	27,420	31,071
Denver & Rio Grande Western	82,549	78,936	83,920	80,567	78,756	73,341	807	3,354	4,667	5,326
Kansas City Southern	78,419	74,799	82,636	79,069	68,449	65,225	7,547	7,129	9,822	9,684
Soo Line	136,270	140,774	140,870	145,266	140,135	143,407	1,465	(1,366)	92	2,959
Southern Pacific	588,198	563,745	613,750	595,502	615,020	592,547	16	44,565	3,378	(30,359)
Union Pacific	1,157,226	1,129,807	1,177,990	1,151,128	945,092	935,219	150,149	135,449	153,885	147,862
TOTAL WESTERN DISTRICT	$3,819,428	$3,725,402	$3,941,451	$3,853,336	$3,489,993	$4,133,487	$251,024	($189,615)	$318,591	($157,582)
GRAND TOTAL – UNITED STATES	$6,794,936	$6,583,601	$7,000,503	$6,807,739	$6,663,792	$6,629,298	$162,500	$71,679	$264,541	$152,300

Note 1. During the Second Quarter 1992, CSX Transportation (CSXT) recorded in operating expenses, a Special Charge of $864 million. CSXT's Ordinary Income and Net Railway Operating Income (NROI) were also reduced by $427 million, as a result of the Special Charge.

Note 2. During the Second Quarter 1991, Burlington Northern (BN) and Grank Trunk Western (GTW) recorded in operating expenses a Special Charge of $708 million and $20.9 million, respectively. BN's and GTW's Ordinary Income and Net Railway Operating Income (NROI) were reduced by $442 million and $20.9 million for the Special Charge.

FOR SIX MONTHS ENDED JUNE 30

RAILROAD REVENUES, EXPENSES, AND INCOME

CLASS I RAILROADS IN THE UNITED STATES

(Dollars in Thousands)

DISTRICT & RAILROAD	FREIGHT REVENUE		TOTAL OPERATING REVENUES		TOTAL OPERATING EXPENSES		ORDINARY INCOME		NET RAILWAY OPERATING INCOME	
	1992	1991	1992	1991	1992	1991	1992	1991	1992	1991
EASTERN DISTRICT										
Consolidated Rail	$1,538,247	$1,472,142	$1,574,190	$1,512,689	$1,363,103	$1,341,981	$114,758	$91,196	$149,828	$130,854
CSX Transportation (1)	2,178,501	2,053,523	2,227,344	2,115,668	2,619,351	1,880,816	(257,491)	130,750	(240,188)	165,633
Grand Trunk Western (2)	132,903	132,192	138,236	137,528	147,192	180,589	(6,490)	(38,797)	(3,410)	(36,926)
Illinois Central	247,473	250,680	268,586	269,296	189,882	197,190	38,443	29,457	58,886	57,906
Norfolk Southern	1,796,138	1,736,176	1,858,236	1,799,357	1,401,695	1,436,243	296,366	236,336	307,158	236,095
TOTAL EASTERN DISTRICT	$5,893,262	$5,644,713	$6,066,592	$5,834,538	$5,721,223	$5,036,819	$185,586	$448,942	$272,274	$553,562
WESTERN DISTRICT										
Atchison Topeka & Santa Fe	$1,075,781	$1,014,705	$1,095,168	$1,034,930	$967,733	$925,667	$54,898	$48,915	$95,068	$81,379
Burlington Northern (2)	2,217,928	2,155,732	2,275,661	2,212,207	2,029,196	2,771,981	140,865	(398,914)	155,532	(328,218)
Chicago & North Western	346,820	339,656	401,473	393,995	348,114	349,450	16,428	(217)	53,977	54,489
Denver & Rio Grande Western	159,835	153,981	162,662	157,294	155,268	145,716	507	4,952	7,083	8,884
Kansas City Southern	159,308	147,869	167,942	156,781	137,221	131,862	16,070	12,520	21,621	17,690
Soo Line	282,138	279,924	291,938	288,607	281,782	286,347	4,231	(4,143)	7,969	5,433
Southern Pacific	1,145,861	1,094,457	1,199,403	1,156,332	1,231,708	1,216,352	46,062	133,410	(56,084)	(140,951)
Union Pacific	2,313,252	2,273,926	2,355,866	2,317,315	1,921,033	1,923,026	280,687	251,254	301,170	279,730
TOTAL WESTERN DISTRICT	$7,700,923	$7,460,250	$7,950,111	$7,717,464	$7,072,055	$7,750,401	$559,748	$47,777	$586,336	($21,564)
GRAND TOTAL – UNITED STATES	$13,594,185	$13,104,963	$14,016,703	$13,552,002	$12,793,278	$12,787,220	$745,334	$496,719	$858,610	$531,998

Note 1. During the Second Quarter 1992, CSX Transportation (CSXT) recorded in operating expenses, a Special Charge of $664 million. CSXT's Ordinary Income and Net Railway Operating Income (NROI) were also reduced by $427 million, as a result of the Special Charge.

Note 2. During the Second Quarter 1991, Burlington Northern (BN) and Grank Trunk Western (GTW) recorded in operating expenses a Special Charge of $708 million and $20.9 million, respectively. BN's and GTW's Ordinary Income and Net Railway Operating Income (NROI) were reduced by $442 million and $20.9 million for the Special Charge.

RATE OF RETURN* ON PROPERTY INVESTMENT
TWELVE MONTHS ENDING JUNE 30
(DOLLARS IN MILLIONS)

	AVERAGE NET INVESTMENT**		NET RAILWAY OPERATING INCOME		RATE OF RETURN*	
	1992	1991	1992	1991	1992	1991
EASTERN DISTRICT	$18,562	$18,140	($245.9)	$1,188.0	Negative	6.44%
WESTERN DISTRICT	19,517	18,892	535.5	546.4	2.74%	2.89%
UNITED STATES	$38,079	$37,032	$289.6	$1,714.4	0.76%	4.63%

NOTES: *Preliminary to ICC's Revenue Adequacy Determination in regard to: (1) interest income, (2) tax allocation, (3) entity principle and (4) predecessor costs.
**Average net investment, which includes an allowance for working capital, has been reduced for accumulated deferred income tax credits.

FINANCIAL AND STATISTICAL TRENDS

QUARTERLY TRENDS

		(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	QUARTER	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES*
1990	1Q	$7,104,043	$6,226,108	$251,573	$750,983	260,867r	$883,954
1990	2Q	7,132,853	6,141,725	562,148	699,742	259,217r	997,592
1990	3Q	7,110,004	6,088,904	595,285	710,272	258,283	928,377
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1991	2Q	6,841,978	6,658,804	75,638	155,161	251,746	954,923
1991	3Q	7,092,545	6,783,108	148,151	252,705	266,009	1,030,595
1991	4Q	7,132,901	8,451,931	(744,655)	(826,776)	267,006	1,033,114
1992	1Q	7,048,860	6,158,292	587,302	595,436	265,300	616,378
1992	2Q	7,000,503	6,663,792	162,500	264,541	258,742	979,784

ANNUAL TRENDS

	(Dollars in Thousands)			(Revenue Ton-Miles in Millions)		
YEAR	OPERATING REVENUES	OPERATING EXPENSES	ORDINARY INCOME	NET RAILWAY OPERATING INCOME	REVENUE TON-MILES	CAPITAL EXPENDITURES*
1983	$26,729,392	$24,106,254	$1,777,916	$1,837,854	826,275	$2,760,909
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1991	27,845,208	28,062,187	(91,647)	(38,210)	1,039,786	3,642,347

r – Revised from previous quarter.
* Road and Equipment

NOTES TO RAILROAD FINANCIAL TRENDS

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2. There is a modest distortion created in the above trends due to changes in the Class I Railroad consist. The railroads listed below have been reclassified to non Class I since 1984: in 1985 Bessemer & Lake Erie, Pittsburgh & Lake Erie, and Duluth Missabe and Iron Range, in 1986 Elgin, Joliet & Eastern; in 1988 Boston & Maine Railroad and Delaware & Hudson Railway. In 1990, the Western Railroad Properties, Inc. (WRPI) was included as a Class I Railroad. In 1991, the ICC issued a temporary exception from Class I reporting requirements applicable to WRPI, which relieved WRPI from submitting an Annual Report for 1990 and quarterly RE&I reports for 1991. In 1992, the ICC revised the Class I reporting requirements, which relieved the Florida East Coast Railway (FEC) and WRPI from submitting an Annual Report and quarterly RE&I reports.

3. The Annual and Quarterly Trends include Special Charges, covering asset writedowns and employee buyouts. Special Charges were taken in 1985 by CSX; in 1986 by ATSF, BN, ICG, KCS, SOO, SP, SSW, and UP,; in 1987 by NSC; in 1988 by CSX; in 1989 by ATSF, CRC, and SOO; in 1990 by CNW; in 1991 by BN, CNW, CRC, CSX, DRGW, GTW, NSC, SP, and UP; in 1992 by CSX. These special charges distort trends comparisons for Operating Expenses, Ordinary Income and Net Railway Operating Income.

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50 F STREET, NW
WASHINGTON, DC 20001-1564